

COPIAH COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

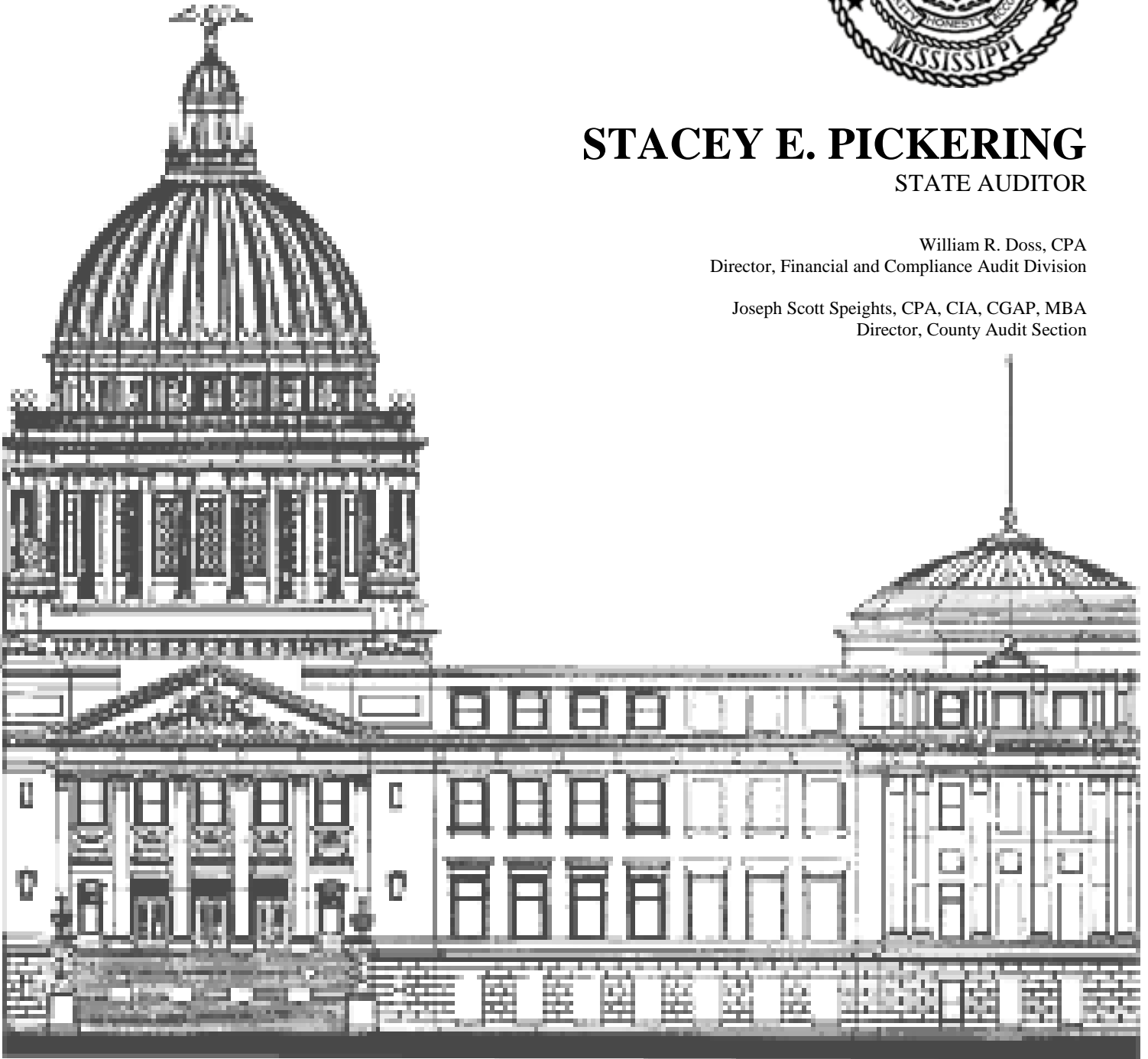


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

December 12, 2014

Members of the Board of Supervisors
Copiah County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Copiah County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Copiah County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Copiah County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

Stacey E. Pickering
State Auditor

COPIAH COUNTY

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COPIAH COUNTY

FINANCIAL SECTION

COPIAH COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Copiah County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Copiah County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Copiah County, Mississippi, as of September 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Copiah County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Copiah County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

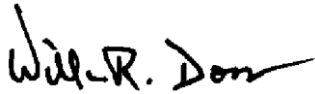
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Copiah County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Copiah County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copiah County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, flowing style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 12, 2014

COPIAH COUNTY

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COPIAH COUNTY

FINANCIAL STATEMENTS

COPIAH COUNTY

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COPIAH COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	Governmental Activities
ASSETS	
Cash	\$ 5,398,827
Restricted cash	3,783,403
Property tax receivable	9,588,113
Accounts receivable (net of allowance for uncollectibles of \$952,381)	512,821
Fines receivable (net of allowance for uncollectibles of \$980,613)	68,863
Capital leases receivable	589,552
Intergovernmental receivables	880,073
Other receivables	4,015
Deferred charges - bond issuance costs	342,940
Capital assets:	
Land and construction in progress	8,395,736
Other capital assets, net	52,273,140
Total Assets	<u>81,837,483</u>
LIABILITIES	
Claims payable	1,412,510
Intergovernmental payables	207,933
Accrued interest payable	27,268
Deferred revenue	9,608,925
Unearned revenue	12,039
Amounts held in custody for others	44,589
Short-term debt	678,186
Long-term liabilities	
Due within one year:	
Capital debt	1,121,073
Non-capital debt	165,000
Due in more than one year:	
Capital debt	11,460,964
Non-capital debt	1,583,652
Total Liabilities	<u>26,322,139</u>
NET POSITION	
Net investment in capital assets	48,086,839
Restricted for:	
Expendable:	
General government	45,740
Public safety	4,339,066
Public works	2,706,607
Culture and recreation	31,830
Economic development and assistance	23,500
Debt service	38,410
Unrestricted	243,352
Total Net Position	<u>\$ 55,515,344</u>

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,648,241	970,145	154,273		(2,523,823)
Public safety	3,573,826	507,576	185,938	2,178,636	(701,676)
Public works	5,358,576	1,211,883	927,197	2,278,368	(941,128)
Health and welfare	368,255		37,345		(330,910)
Culture and recreation	165,893	11,534			(154,359)
Education	40,584		40,584		
Conservation of natural resources	77,312				(77,312)
Economic development and assistance	159,501		8,750	2,500	(148,251)
Interest on long-term debt	538,493				(538,493)
Total Governmental Activities	<u>13,930,681</u>	<u>2,701,138</u>	<u>1,354,087</u>	<u>4,459,504</u>	<u>(5,415,952)</u>
General revenues:					
Property taxes				\$	8,915,407
Road & bridge privilege taxes					360,635
Grants and contributions not restricted to specific programs					509,805
Unrestricted interest income					16,602
Miscellaneous					252,688
Total General Revenues					<u>10,055,137</u>
Changes in Net Position					<u>4,639,185</u>
Net Position - Beginning, as previously reported					50,875,212
Prior Period Adjustment					947
Net Position - Beginning, as restated					<u>50,876,159</u>
Net Position - Ending				\$	<u>55,515,344</u>

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Airport Project #3-28-0023-0203 GRT Fund	FEMA 361 Storm Shelter #0450 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 1,326,270	724,164	377,684	211,835	2,758,874	5,398,827
Restricted cash	3,783,403					3,783,403
Property tax receivable	5,207,527	2,175,748			2,204,838	9,588,113
Accounts receivable (net of allowance for uncollectibles of \$952,381)					512,821	512,821
Fines receivable (net of allowance for uncollectibles of \$980,613)	68,863					68,863
Capital lease receivable					589,552	589,552
Intergovernmental receivables	149,289		17,109	711,175	2,500	880,073
Other receivables	4,015					4,015
Due from other funds	122,974	49,648			31,241	203,863
Advances to other funds	78,951	169,912			17,500	266,363
Total Assets	\$ 10,741,292	3,119,472	394,793	923,010	6,117,326	21,295,893
LIABILITIES						
Liabilities:						
Claims payable	\$ 360,061	107,140	342,189	557,872	45,248	1,412,510
Intergovernmental payables	196,094					196,094
Due to other funds	92,806				122,896	215,702
Advances from other funds	17,500				248,863	266,363
Deferred revenue	5,276,390	2,175,748			3,307,211	10,759,349
Unearned revenue					12,039	12,039
Amounts held in custody for others	44,589					44,589
Short-term debt			33,881	644,305		678,186
Total Liabilities	\$ 5,987,440	2,282,888	376,070	1,202,177	3,736,257	13,584,832
Fund balances:						
Nonspendable:						
Advances	78,951					78,951
Restricted for:						
General government					45,740	45,740
Public safety	3,777,260				561,806	4,339,066
Public works		836,584	18,723		1,851,300	2,706,607
Culture and recreation					31,830	31,830
Economic development and assistance					23,500	23,500
Debt service	6,143				59,535	65,678
Unassigned	891,498			(279,167)	(192,642)	419,689
Total Fund Balances	\$ 4,753,852	836,584	18,723	(279,167)	2,381,069	7,711,061
Total Liabilities and Fund Balances	\$ 10,741,292	3,119,472	394,793	923,010	6,117,326	21,295,893

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2013

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,711,061
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$85,161,467.	60,668,876
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	581,684
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,330,689)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(27,268)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	568,740
Deferred charges - bond issuance costs	<u>342,940</u>
Total Net Position - Governmental Activities	\$ <u><u>55,515,344</u></u>

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2013

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Airport Project #3-28-0023-0203 GRT Fund	FEMA 361 Storm Shelter #0450 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 5,002,779	1,713,879			2,198,749	8,915,407
Road and bridge privilege taxes		360,635				360,635
Licenses, commissions and other revenue	283,946				29,355	313,301
Fines and forfeitures	451,568				28,811	480,379
Intergovernmental revenues	583,737	960,374	1,850,893	2,161,808	766,584	6,323,396
Charges for services	373,733				1,472,663	1,846,396
Interest income	11,277				5,325	16,602
Miscellaneous revenues	172,030	74,997			1,632	248,659
Total Revenues	6,879,070	3,109,885	1,850,893	2,161,808	4,503,119	18,504,775
EXPENDITURES						
Current:						
General government	3,152,408				378,222	3,530,630
Public safety	4,803,905			2,495,259	668,801	7,967,965
Public works	307,285	2,418,080	1,823,566		2,136,859	6,685,790
Health and welfare	335,679					335,679
Culture and recreation	149,960				15,933	165,893
Education	40,584					40,584
Conservation of natural resources	77,312					77,312
Economic development and assistance	152,001				7,500	159,501
Debt service:						
Principal	41,447	359,424			536,268	937,139
Interest	200,112	49,713	98	3,876	280,219	534,018
Bond issue costs	291,738					291,738
Total Expenditures	9,552,431	2,827,217	1,823,664	2,499,135	4,023,802	20,726,249
Excess of Revenues over (under) Expenditures	(2,673,361)	282,668	27,229	(337,327)	479,317	(2,221,474)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	6,010,000					6,010,000
Proceeds from sale of capital assets	3,934				14,276	18,210
Premiums on bonds issued	90,555					90,555
Transfers in				25,868	181,717	207,585
Transfers out	(82,980)				(124,605)	(207,585)
Lease principal payments					93,439	93,439
Total Other Financing Sources and Uses	6,021,509	0	0	25,868	164,827	6,212,204
Net Changes in Fund Balances	3,348,148	282,668	27,229	(311,459)	644,144	3,990,730
Fund Balances - Beginning	1,405,704	553,916	(8,506)	32,292	1,736,925	3,720,331
Fund Balances - Ending	\$ 4,753,852	836,584	18,723	(279,167)	2,381,069	7,711,061

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,990,730
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$7,288,051 exceeded depreciation of \$1,684,754 in the current period.	5,603,297
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$4,029 and the proceeds from the sale of \$18,210 in the current period.	(14,181)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	25,972
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	35,090
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$6,010,000 exceeded debt repayment of \$937,139.	(5,072,861)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences	(11,057)
The amount of decrease in accrued interest payable	2,288
Issuance cost on certificates of participation	291,738
Premiums on certificates of participation	(90,555)
The amortization of:	
Issuance cost on debt	(21,074)
Refunding bonds deferred charges	(8,573)
Premiums on debt	4,528
Discounts on debt	(2,718)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(93,439)
Change in Net Position of Governmental Activities	\$ <u>4,639,185</u>

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	476,872
Due from other funds		11,917
Other receivables		900
Total Assets	\$	<u>489,689</u>
LIABILITIES		
Amounts held in custody for others	\$	349,941
Intergovernmental payables		139,670
Due to other funds		78
Total Liabilities	\$	<u>489,689</u>

The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY

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COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Copiah County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Copiah County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Copiah County Economic Development District
- Hardy Wilson Memorial Hospital
- Copiah-Jefferson Regional Library

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

B. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

Central Mississippi Public Improvement Corporation was incorporated as a nonprofit corporation under Section 31-8-3, Miss. Code Ann. (1972), which allows counties to enter into lease agreements with any corporation. The corporation produces a financial benefit through its ability to acquire, construct, finance, equip and lease facilities to the primary government and impose a financial burden on the primary government by obligating funds to repay the debt pursuant to a lease agreement. See Note 9 for further disclosure concerning the issuance of certificates of participation and related capital facilities.

C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Airport Project #3-28-0023-0203GRT Fund - This fund is used to account for monies from specific revenue sources that are restricted for airport improvement.

FEMA 361 Storm Shelter #0450 - This fund is used to account for monies from specific revenue sources that are restricted for construction of a storm shelter.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

L. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

N. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

O. Changes in Accounting Standards.

The County implemented the following standards issued by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – and amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The provisions of these standards have been incorporated into the financial statements and the notes.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(2) Prior Period Adjustment.

A summary of significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct error in prior year deferred revenue associated with capital lease receivable	\$ 947

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$9,659,102, and the bank balance was \$9,849,902. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Restricted Cash.

As approved by Section 91-13-8, Miss. Code Ann. (1972), the cash balance amount of \$3,783,403 is managed through a trust indenture between the County and the trustee related to the construction and debt payments of the new Copiah County jail project. Accordingly, this cash is classified as restricted on the financial statements.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 122,896
General Fund	Agency Funds	78
Countywide Road Maintenance Fund	General Fund	49,648
Other Governmental Funds	General Fund	31,241
Agency Funds	General Fund	11,917
Total		\$ 215,780

The receivables represent the tax revenue collected in September, 2013 but not settled until October, 2013 and to cover deficits in the Sheriff – Drug Fund, Drug Court Fund, E-911 Service Fund and the Clearing Fund School & Cities Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 78,951
Countywide Road Maintenance Fund	Other Governmental Funds	169,912
Other Governmental Funds	General Fund	17,500
Total		\$ <u>266,363</u>

The purpose of the advances was to cover a deficit in the Road and Bridge Series Fund 2007 and revenues recorded incorrectly. The amount was not paid within one year.

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
FEMA 361 Storm Shelter #0450 Fund	General Fund	\$ 25,868
Other Governmental Funds	General Fund	57,112
Other Governmental Funds	Other Governmental Funds	124,605
Total		\$ <u>207,585</u>

The principal purposes of interfund transfers were to reimburse for prior expenditures and to close out funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 118,935
Emergency management performance grant	30,354
Airport improvement program	17,109
Hazard mitigation grant	711,175
Community development block grant	2,500
Total Governmental Activities	\$ <u>880,073</u>

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,464,733	12,766			1,477,499
Construction in progress	218,299	6,699,938			6,918,237
Total non-depreciable capital assets	<u>1,683,032</u>	<u>6,712,704</u>	<u>0</u>	<u>0</u>	<u>8,395,736</u>
<u>Depreciable capital assets:</u>					
Infrastructure	114,549,949	277,785			114,827,734
Buildings	9,883,554				9,883,554
Improvements other than buildings	2,708,472				2,708,472
Mobile equipment	5,604,395	217,473	91,753		5,730,115
Furniture and equipment	1,497,183	80,089	31,350		1,545,922
Leased property under capital leases	<u>2,738,810</u>				<u>2,738,810</u>
Total depreciable capital assets	<u>136,982,363</u>	<u>575,347</u>	<u>123,103</u>	<u>0</u>	<u>137,434,607</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	71,473,862	736,403			72,210,265
Buildings	4,729,405	178,060			4,907,465
Improvements other than buildings	553,213	180,101			733,314
Mobile equipment	4,596,554	226,617	82,578		4,740,593
Furniture and equipment	1,124,480	120,163	26,344		1,218,299
Leased property under capital leases	<u>1,108,121</u>	<u>243,410</u>			<u>1,351,531</u>
Total accumulated depreciation	<u>83,585,635</u>	<u>1,684,754</u>	<u>108,922</u>	<u>0</u>	<u>85,161,467</u>
Total depreciable capital assets, net	<u>53,396,728</u>	<u>(1,109,407)</u>	<u>14,181</u>	<u>0</u>	<u>52,273,140</u>
Governmental activities capital assets, net	<u>\$ 55,079,760</u>	<u>5,603,297</u>	<u>14,181</u>	<u>0</u>	<u>60,668,876</u>

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 196,341
Public safety	318,830
Public works	1,137,007
Health and welfare	<u>32,576</u>
Total governmental activities depreciation expense	<u>\$ 1,684,754</u>

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Commitments with respect to unfinished capital projects at September 30, 2013, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
General population shelter	\$ 825,510	07/2014
Airport improvements	2,717,002	06/2014

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2013:

<u>Classes of Property</u>	<u>Amount</u>
Industrial buildings	\$ <u>1,267,148</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2013, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 89,479	4,457
2015	57,134	2,355
2016	45,362	2,638
2017	45,913	2,087
2018	45,981	2,019
2019 – 2023	<u>284,871</u>	<u>7,256</u>
Total	\$ <u>568,740</u>	<u>20,812</u>

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,738,810
Less: Accumulated depreciation	<u>1,351,531</u>
Leased Property Under Capital Leases	\$ <u><u>1,387,279</u></u>

The following is a schedule by years of the total payments due as of September 30, 2013:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 543,019	38,626
2015	853,393	7,177
2016	<u>54,201</u>	<u>1,057</u>
Total	\$ <u><u>1,450,613</u></u>	<u><u>46,860</u></u>

(9) Short-term Debt.

The following is a summary of short-term debt activity for the year ended September 30, 2013:

<u>Description of Debt</u>	<u>Balance</u>				<u>Balance</u>
	<u>Oct. 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustment</u>	<u>Sept. 30, 2013</u>
Airport Project	\$	625,691	591,810		33,881
FEMA 361 Storm Shelter #0450 Fund		<u>1,926,819</u>	<u>1,282,514</u>		<u>644,305</u>
Total	\$ <u><u>0</u></u>	<u><u>2,552,510</u></u>	<u><u>1,874,324</u></u>	<u><u>0</u></u>	<u><u>678,186</u></u>

During the month of November, 2012, the County issued a \$1,000,000 grant anticipation note (revolving line of credit) with an interest rate of 1.39% and maturity date of December 1, 2014 in order to provide operating funds in anticipation of grants in the Airport Project #3-28-0023-0203 grant fund and the FEMA 361 Storm Shelter #0450 Fund.

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

(10) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

<u>Description and Purpose</u>	<u>Amount</u>	<u>Interest</u>	<u>Final</u>
A. General Obligation Bonds:			
Road and bridge bonds – Series 2007	\$ 4,735,000	4.00/5.50%	03/2027
G.O. Refunding Bonds – Series 2010	<u>1,530,000</u>	2.00/4.75%	07/2021
Total General Obligation Bonds	<u>\$ 6,265,000</u>		
B. Limited Obligation Bonds:			
Certificates of Participation, Jail project	<u>\$ 6,010,000</u>	2.50/5.00%	09/2032
C. Capital Leases:			
2010 Dodge Charger (3)	\$ 23,332	2.90%	12/2013
John Deere backhoes (2)	79,327	3.34%	07/2014
Motorgraders (3)	383,670	3.11%	10/2014
Wheel loaders (4)	297,902	3.11%	10/2014
Track-type tractors (2)	94,951	3.11%	10/2014
John Deere backhoes (2)	79,331	3.34%	07/2014
Kubota M1085DSC tractors (5)	175,223	3.39%	08/2015
Three sheriff cars	38,621	1.90%	02/2015
Dump trucks (4)	118,744	2.65%	04/2015
Chevrolet trucks (2) & Ford trucks (5)	<u>159,512</u>	1.95%	09/2016
Total Capital Leases	<u>\$ 1,450,613</u>		
D. Other Loans:			
Sugar Farm Road CAP loan	\$ 123,968	3.00%	01/2021
Fire truck CAP loan	30,892	3.00%	05/2015
DG Foods CAP loan	72,498	3.00%	12/2014
2 fire trucks CAP loan	<u>159,066</u>	2.00%	10/2017
Total Other Loans	<u>\$ 386,424</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 410,000	249,098	200,000	210,816
2015	430,000	233,435	245,000	205,254
2016	450,000	217,736	250,000	199,066
2017	475,000	200,335	255,000	192,754
2018	490,000	181,421	265,000	186,254
2019 – 2023	2,330,000	585,150	1,435,000	826,000
2024 – 2028	1,680,000	143,703	1,695,000	570,027
2029 – 2033			<u>1,665,000</u>	<u>144,925</u>
Total	<u>\$ 6,265,000</u>	<u>1,810,878</u>	<u>6,010,000</u>	<u>2,535,096</u>

COPIAH COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Year Ending September 30	Other Loans	
	Principal	Interest
2014	\$ 133,054	8,045
2015	79,381	5,941
2016	56,423	3,859
2017	57,730	2,551
2018	18,211	1,530
2019 – 2023	<u>41,625</u>	<u>1,376</u>
Total	<u>\$ 386,424</u>	<u>23,302</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2013, the amount of outstanding debt was equal to 3.07% of the latest property assessments.

Certificates of Participation – In accordance with Section 31-8-1 et seq. Miss. Code Ann. (1972), the County issued Certificates of Participation and transferred the proceeds to the Central Mississippi Public Improvement Corporation (Corporation). The funds are to be used to construct a new Copiah County jail facility. At completion, the Corporation will enter into a twenty year lease with the County. The County is obligated to pay rent equal to the principal and interest on the debt. At the completion of the lease, the County will assume ownership of the facility. The obligation is not a general obligation and does not constitute a pledge of full faith and credit of the County.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 211,898	11,057			222,955	
General obligation bonds	6,670,000		405,000		6,265,000	410,000
Limited obligation bonds		6,010,000			6,010,000	200,000
Capital leases	1,848,862		398,249		1,450,613	543,019
Other loans	520,314		133,890		386,424	133,054
Less:						
Deferred amounts on refunding	(77,157)		(8,573)		(68,584)	
Discounts	(24,464)		(2,718)		(21,746)	
Premiums		90,555	4,528		86,027	
Total	<u>\$ 9,149,453</u>	<u>6,111,612</u>	<u>930,376</u>	<u>0</u>	<u>14,330,689</u>	<u>1,286,073</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which is generally the General Fund, Sanitation Fund, Countywide Road Maintenance Fund, and Countywide Bridge and Culvert Fund.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2013:

Fund	Deficit Amount
Sheriff – Drug Fund	\$ 19,293
Drug Court Fund	5,793
EDA/Industrial Improvements Fund	57,393
2011 Housing Grant Fund	395
E-911 Service Fund	109,768
FEMA 361 Storm Shelter #0450 Fund	279,167

(12) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(13) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren, and Yazoo. The Copiah County Board of Supervisors appoints three of the 33 members of the board of directors. The County contributes a small percentage of the district's total revenue.

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson. The Copiah County Board of Supervisors appoints six of the 27 members of the college board of trustees. The County appropriated \$781,577 for maintenance and support of the college in fiscal year 2013.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin, and Warren. The Copiah County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$94,953 for maintenance and support of the college in fiscal year 2013.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin, and Simpson. The Copiah County Board of Supervisors appoints one member of the Board of Commissioners. The County appropriated \$65,140 for support of the commission in fiscal year 2013.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren, and Yazoo. The Copiah County Board of Supervisors appoints two of the 26 members of the board. The County provides only modest financial support for the district.

COPIAH COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(14) Defined Benefit Pension Plan.

Plan Description. Copiah County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$580,271, \$509,394 and \$469,114, respectively, equal to the required contributions for each year.

(15) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Copiah County evaluated the activity of the County through December 12, 2014, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2013, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
09/02/2014	2.04%	\$	251,712	Capital Lease	Ad Valorem Taxes
10/06/2014	2.625/3.75%		6,000,000	G.O. Road & Bridge Bond	Ad Valorem Taxes
10/10/2014	2.01%		360,936	Capital Lease	Ad Valorem Taxes
10/10/2014	2.01%		653,940	Capital Lease	Ad Valorem Taxes

COPIAH COUNTY

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COPIAH COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

COPIAH COUNTY

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COPIAH COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,177,168	5,206,110	5,206,110	
Licenses, commissions and other revenue	285,600	289,138	289,138	
Fines and forfeitures	365,000	451,657	451,657	
Intergovernmental revenues	428,450	514,332	514,332	
Charges for services	400,000	373,733	373,733	
Interest income	11,000	10,857	10,857	
Miscellaneous revenues	102,000	144,685	144,685	
Total Revenues	<u>6,769,218</u>	<u>6,990,512</u>	<u>6,990,512</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,180,943	3,134,882	3,134,882	
Public safety	2,590,129	2,677,338	2,677,338	
Public works	208,200	299,429	299,429	
Health and welfare	332,584	334,212	334,212	
Culture and recreation	192,193	149,871	149,871	
Conservation of natural resources	87,611	76,615	76,615	
Economic development and assistance	140,501	152,001	152,001	
Debt service:				
Principal	43,872	90,343	90,343	
Interest		2,425	2,425	
Total Expenditures	<u>6,776,033</u>	<u>6,917,116</u>	<u>6,917,116</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(6,815)</u>	<u>73,396</u>	<u>73,396</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		26,897	26,897	
Other financing uses		(25,868)	(82,980)	(57,112)
Total Other Financing Sources and Uses	<u>0</u>	<u>1,029</u>	<u>(56,083)</u>	<u>(57,112)</u>
Net Change in Fund Balance	(6,815)	74,425	17,313	(57,112)
Fund Balances - Beginning	<u>1,076,865</u>	<u>1,110,701</u>	<u>1,110,701</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,070,050</u>	<u>1,185,126</u>	<u>1,128,014</u>	<u>(57,112)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

COPIAH COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,977,953	1,769,241	1,769,241	
Road and bridge privilege taxes	350,000	359,603	359,603	
Intergovernmental revenues	969,000	955,173	955,173	
Interest income	3,000			
Miscellaneous revenues		80,198	80,198	
Total Revenues	<u>3,299,953</u>	<u>3,164,215</u>	<u>3,164,215</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,967,625	2,440,245	2,440,245	
Debt service:				
Principal	466,532	402,518	402,518	
Interest		49,665	49,665	
Total Expenditures	<u>3,434,157</u>	<u>2,892,428</u>	<u>2,892,428</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(134,204)</u>	<u>271,787</u>	<u>271,787</u>	<u>0</u>
Net Change in Fund Balance	(134,204)	271,787	271,787	
Fund Balances - Beginning	<u>476,572</u>	<u>452,377</u>	<u>452,377</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 342,368</u>	<u>724,164</u>	<u>724,164</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

COPIAH COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2013 UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor, and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance Fund
Budget (Cash Basis)	\$ 17,313	271,787
Increase (Decrease)		
Net adjustments for revenue accruals	(175,408)	(54,330)
Net adjustments for expenditure accruals	(277,160)	65,211
Other reconciling item:		
Net change in jail construction project certificates of participation trust accounts	3,783,403	
GAAP Basis	\$ 3,348,148	282,668

COPIAH COUNTY

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COPIAH COUNTY

SUPPLEMENTAL INFORMATION

COPIAH COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Office of Agricultural Marketing Service Farmers' market promotion program (direct award)	10.168	12-25-G-1370	\$ <u>3,750</u>
U.S. Department of Agriculture/Passed-through the Mississippi State Treasurer's Office - Federal Forest Service School and roads - grants to states	10.665	N/A	<u>81,169</u>
Total U.S. Department of Agriculture			<u>84,919</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program	14.228	1126-09-015-ED-01	<u>2,500</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority HOME investment partnership program	14.239	M10-SG-280-231	<u>5,000</u>
Total U.S. Department of Housing and Urban Development			<u>7,500</u>
U.S. Department of Transportation - Federal Aviation Administration Airport improvement program (direct award)*	20.106	3-28-0023-005-2007	<u>1,615,365</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 078 B(15)	44,360
Highway planning and construction	20.205	MS095 015 1 B	29,063
Highway planning and construction	20.205	MS095 015 5 B	<u>47,350</u>
Subtotal			<u>120,773</u>
Total U.S. Department of Transportation			<u>1,736,138</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance	97.036	FEMA-4081-DR-MS	<u>53,330</u>
Hazard mitigation grant*	97.039	HMGP 1604-0450	2,161,808
Hazard mitigation grant*	97.039	HMGP 1972-0013	<u>13,932</u>
Subtotal			<u>2,175,740</u>
Emergency management performance grant	97.042	N/A	<u>35,590</u>
Total U.S. Department of Homeland Security			<u>2,264,660</u>
Total Expenditures of Federal Awards			\$ <u><u>4,093,217</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - CFDA #10.665 School and roads-grants to states

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$40,584 to subrecipients during the year ended September 30, 2013.

* Denotes major federal award program

COPIAH COUNTY

OTHER INFORMATION

COPIAH COUNTY

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COPIAH COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Earl Dixon, Jr.	Supervisor District 1	Brierfield Insurance Company	\$100,000
Terry L. Channell	Supervisor District 2	Brierfield Insurance Company	\$100,000
Perry V. Hood	Supervisor District 3	Brierfield Insurance Company	\$100,000
Kenneth Powell	Supervisor District 4	Brierfield Insurance Company	\$100,000
Jimmy L. Phillips	Supervisor District 5	Brierfield Insurance Company	\$100,000
Ronnie Barlow	County Administrator	Brierfield Insurance Company	\$100,000
Steve Amos	Chancery Clerk	Brierfield Insurance Company	\$100,000
Brandie Sims	Purchase Clerk	Brierfield Insurance Company	\$75,000
Sandra Sullivan	Assistant Purchase Clerk	Brierfield Insurance Company	\$50,000
Mary J. Harris	Receiving Clerk	Brierfield Insurance Company	\$75,000
Ronnie Barlow	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000
Joa Williams	Inventory Control Clerk	Brierfield Insurance Company	\$75,000
Booky Thompson	Road Manager	Brierfield Insurance Company	\$75,000
Jimmy Dale White	Constable	Brierfield Insurance Company	\$50,000
Ronnie Earls	Constable	Brierfield Insurance Company	\$50,000
Edna E. Stevens	Circuit Clerk	Brierfield Insurance Company	\$100,000
Harold L. Jones	Sheriff	Brierfield Insurance Company	\$100,000
Derrick L. Cubit	Undersheriff	Brierfield Insurance Company	\$50,000
Lillie McKenzie	Justice Court Judge	Brierfield Insurance Company	\$50,000
Vickie Bass Ramsey	Justice Court Judge	Brierfield Insurance Company	\$50,000
Mona Lisa Carr	Justice Court Clerk	Brierfield Insurance Company	\$50,000
Vicky Lavell Smith	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
Tara Middleton	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
April S. Holloway	Tax Collector	Brierfield Insurance Company	\$100,000
James Todd Mooney	Tax Assessor	Brierfield Insurance Company	\$50,000
Chiquita Sandifer	Deputy Tax Collector	FCCI	\$50,000
Melinda Terrell	Deputy Tax Collector	FCCI	\$50,000
Cheryl K. Parks	Deputy Tax Collector	FCCI	\$50,000
Linda Turman	Deputy Tax Collector	Brierfield Insurance Company	\$50,000

COPIAH COUNTY

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COPIAH COUNTY

SPECIAL REPORTS

COPIAH COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Copiah County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Copiah County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2014. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Copiah County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Copiah County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

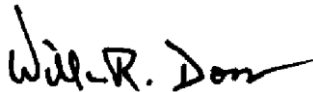
However, we noted a certain matter that we reported to the management of Copiah County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 12, 2014, included within this document.

Copiah County's Responses to Findings

Copiah County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Copiah County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 12, 2014



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Copiah County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Copiah County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Copiah County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Copiah County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Copiah County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Copiah County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Copiah County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

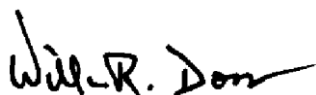
Report on Internal Control Over Compliance

Management of Copiah County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Copiah County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 12, 2014



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Copiah County, Mississippi

We have examined Copiah County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Copiah County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Copiah County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Copiah County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Copiah County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Doss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 12, 2014

COPIAH COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

COPIAH COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

COPIAH COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.

COPIAH COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Copiah County, Mississippi

In planning and performing our audit of the financial statements of Copiah County, Mississippi for the year ended September 30, 2013, we considered Copiah County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Copiah County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 12, 2014, on the financial statements of Copiah County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified a certain area that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Sheriff.

1. The Sheriff's deputies are not bonded.

Finding

Section 45-5-9, Miss. Code Ann. (1972), requires the Sheriff's deputies to execute a bond for \$50,000 to be payable, conditioned, and approved as provided by law. The Sheriff's deputies were not bonded for the period ending September 30, 2013. Sheriff's deputies not being bonded could limit the amount available for recovery should a loss occur.

Recommendation

The Sheriff should ensure that the deputies are bonded.

Sheriff's Response

I will see to it that each deputy of the Copiah County Sheriff's office is bonded for \$50,000 in accordance with Section 45-5-9 Miss. Code Ann. (1972).

2. The County should settle all collections to the community college monthly.

Finding

Section 37-29-143, Miss. Code Ann. (1972), requires that the Board of Supervisors of each county belonging to a junior college district and levying taxes pursuant to subsection (1) of Section 37-29-141 for the support and maintenance, thereof, shall transmit its warrant or warrants constituting all of the revenues received from taxation for prior month for said purposes of on or before the thirtieth day of each month. The county failed to settle \$54,237.07 of revenues received for Hinds Community College maintenance. Failure to properly settle levied taxes to the community college monthly could result in the misappropriation of funds.

Recommendation

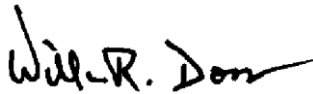
The Board of Supervisors should comply with the statutory requirement of settling community college collection monthly.

Board of Supervisors' Response

The Board of Supervisors concur with this finding and shall comply with the statutory requirement of settling community college collections monthly.

Copiah County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

December 12, 2014

COPIAH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COPIAH COUNTY

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COPIAH COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental Activities | Unmodified |
| | Aggregate Discretely Presented Component Units | Adverse |
| | General Fund | Unmodified |
| | Countywide Road Maintenance Fund | Unmodified |
| | Airport Project #3-28-0023-0203 GRT Fund | Unmodified |
| | FEMA 361 Storm Shelter #0450 Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. Significant deficiency identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | No |
| 7. | Identification of major programs: | |
| | a. CFDA 20.106, Airport Improvement Program | |
| | b. CFDA 97.039, Hazard Mitigation Grant | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

COPIAH COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2013-001. The County should include the financial data for its discrete component units in its financial statements.

Finding

Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. As reported in the prior six years' audit reports, the financial statements do not include the financial data for its component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

Board of Supervisors' Response

The Board of Supervisors concurs with the finding and will provide the financial data for the component units in the County's financial statements in the future.

Significant Deficiency

2013-002. The County does not have a written disaster recovery plan for the computer systems.

Finding

An effective system of internal control over processed transactions should include a written disaster recovery plan for the computer systems. As reported in the prior six years' audit reports, the County does not have a written disaster recovery plan. Without a disaster recovery plan, there are no guidelines or procedures to follow in the event of a disaster to the computer system, and the County could lose the ability to process transactions.

Recommendation

The Board of Supervisors should establish a written disaster recovery plan. The plan should be tested periodically by having a disaster recovery walk-through in which team members get together and simulate disastrous situations and recovery techniques.

COPIAH COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Board of Supervisors' Response

The Board of Supervisors will establish a disaster recovery plan.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.